ENCLOSURE I

FUNDING AND ALLOCATION CHANGES

This enclosure summarizes the changes applied to the Fiscal Year (FY) 1997-98 allocation since the Governor's Preliminary Budget Allocation letter (ADP #97-12) for state and federal funding. Throughout the enclosures, various source documents are referenced. For a copy of the source document, please contact the Department of Alcohol and Drug Programs' Resource Center at (800) 879-2772.

I. SINGLE METHODOLOGY FOR ALL NEW FUNDS FOR FY 1997-98

The Department has established a single methodology for the allocation of all new funds for FY 1997-98. All new funds will be distributed at $2,500 per million, 50 percent per capita and 50 percent equity step-up with the exception of funds with specific requirements such as Supplemental Security Income/Drug Addiction and Alcoholism funds. This methodology maintains the current fiscal infrastructure and provides a benefit to counties statewide.

We acknowledge the input received from the Policy Forum representatives on September 16, 1997 concerning the adoption of a single methodology for new funds. We emphasize that the methodology is intended for this fiscal year only, and that the Department is developing a Report to the Legislature on allocation issues with the Fiscal Work Group and the Policy Forum. The Department may adopt other methodologies in the future that more closely suits the needs of clients and the field.

II. STATE GENERAL FUND

A. State General Fund

Final FY 1996-97 Drug Medi-Cal (D/MC) contract figures were used for

FY 1997-98 county level projections.

B. Contingency Reserve - $5 Million

The FY 1997-98 Budget Act provided the Department with the ability to use reappropriated funds to establish the contingency reserve for FY 1997-98. Sufficient funds are available from the reappropriated SGF for the Contingency Reserve. Please note, counties must exhaust their non-Drug/Medi-Cal (D/MC) Regular and Perinatal SGF before accessing the Contingency Reserve.

C. Out-of-County Funds - $1.4 Million

The Budget Act requires that $1.4 million in reappropriated funds from

FY 1996-97 be allocated to counties for costs incurred in connection with serving out-of-county D/MC clients.

D. Reappropriated Funds - $1.8 Million

This allocation includes $1.8 million of reappropriated Regular SGF.

III. REIMBURSEMENTS

A. Parolee Services Network - $8.2 Million

The California Department of Corrections (CDC) continues to make funds

available during FY 1997-98 for residential and non-residential alcohol and other drug (AOD) treatment and recovery services to parolees in the counties of

Alameda, Contra Costa, Fresno, Los Angeles, Marin, Napa, San Diego,

San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

IV. FEDERAL FUNDS

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT (SAPT) PROGRAM AND SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES (SDFSC) FUNDS

A. Redirected Federal Funds - $13.9 Million

This allocation includes the unspent federal funds counties requested to carry over from FY 1996-97 to 1997-98. This includes:

- $12.3 million in unexpended SAPT funds, and
- $1.6 unexpended SDFSC funds statewide.

B. Substance Abuse Prevention and Treatment Block Grant Funds -

$3.0 Million

Three million dollars are available for each of the next three fiscal years, 1997-98 through FY 1999-2000, for discretionary purposes. The Department anticipates that counties and providers will spend a portion of the funding on informational technology costs associated with providing treatment and prevention services. This may include the purchase of personal computers, modems, printers, and software that will facilitate client assessment, program accountability, billing and claiming, storage and retrieval of data, and two-way transmission of accurate information among providers, counties and the Department.

C. HIV Set-Aside

The same indicators used in the Governor's Preliminary Budget Allocation were used in the Budget Act Allocation. The indicators datum were updated for this allocation.

D. Drug Courts - $3 Million

Three million dollars are included in the Department's budget each year through FY 1999-2000 for allocation to counties on a competitive basis to develop and expand drug courts related to substance abuse treatment. The Department is in the process of developing a Request for Application (RFA) that will be disseminated statewide.

A limited number of grant recipients will be selected for the distribution of the budget funds. The current time line identifies December 1997 for the announcement of funding awards. This allocation letter does not include the distribution of Drug Court funds.

E. Safe and Drug-Free Schools and Communities Funds (SDFSC) - $750,000

The $750,000 ongoing increase, as with all SDFSC grant funds, must comply with requirements set forth in the Safe and Drug-Free Schools and Communities Act of 1994. These requirements are summarized in Document 1B, of the NNA contract and include authorized use of funds, allowable administrative costs, and levels of accountability.

F. Mentoring -$1.0 Million

Funds to support local mentoring programs are being made available to County Alcohol and Drug Programs through an RFA process. Funds are being allocated to 20 counties for this program during FY 1997-98.

Award amounts for all phases of the CMI programs have increased. The award amounts for minimum base allocation (MBA) counties have increased from $10,000 to $20,000 and from $50,000 to $70,000 for all other counties. Counties which receive multiple awards (Los Angeles and San Diego) will have an increase in each award they receive. These one-time grant awards, may be expended over two fiscal years. ADP's intent is to fund all 58 county alcohol and drug programs which submit proposals under this RFA, predicated upon the availability of funds. This program is proposed to sunset in FY 2000-01.

The Legislature redirected additional funds to Local Assistance. These funds will be awarded to Phase III Early Start-Up counties. Two additional counties will receive funding during FY 1997-98 which will be selected in the Phase III RFA process.